



Montgomery County Council

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Contact: Patrick Lacefield 240-777-7939 or Jean Arthur 240-777-7934

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REPORT URGES GREEN LIGHT ON COUNTY PURCHASE OF PRESCRIPTION DRUGS FROM CANADA

A committee appointed by the County Council last November to explore the purchase of prescription drugs from Canada for County employees and retirees released their report today recommending that the County move ahead on such a program.

The Committee concluded that such a program, which could affect 40,000 County employees and retirees, plus an additional 45,000 of their dependents, could save millions of taxpayer dollars. The committee also proposed exploration of a discount drug card program in which the County would use its leverage to gain cost-savings on drugs for all County residents without drug benefit packages.

The County spends an estimated \$70 million annually on prescription drugs. In the Montgomery County Public Schools system alone, prescription drug costs for active employees have more than doubled over the past six years (from \$883 per employee to \$1,992) and nearly doubled for retirees (\$1,513 to \$2,913).

"After much study, our Committee concluded that a voluntary program that allows County agency employees, retirees, and their dependents to order maintenance drugs from an approved Canadian supplier makes sense," said Councilmember Tom Perez, joined at the news conference by Councilmembers Howard Denis and George Leventhal.

"We concluded that we could implement a safe, legal program with annual savings could reach \$6 million with 40 percent participation and \$15 million with full participation."

"We can save taxpayers public money, employees drug costs, and possibly expand affordable drug coverage to all County residents who don't currently have a benefit plan."

"As the Council's lead member for personnel, I'm very pleased with this report on the re-importation and access to maintenance medications from Canada," said Councilmember Denis. "The safeguards in the resolution satisfy any reasonable concern about safety."

"The primary reason to do this is the significant savings we will realize," said Councilmember George Leventhal, chair of the Council's Health and Human Services Committee. "Secondly, the County will participate in a grassroots movement telling the federal government it must address the skyrocketing costs of prescription drugs."

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The Committee, composed chiefly of County agency benefits experts and union representatives, was chaired by Council Vice President Perez. It examined extensive information on prescription drugs from Canada, including actions taken or contemplated by states and localities elsewhere, statements by the Food and Drug Administration, and the perspectives of such groups as the Biotechnology Industry Organization and the BioAlliance.

The Committee also convened a February public forum that featured an overview by the benefits experts of prescription drug costs for both agencies and employees; an expert panel with diverse perspectives on the safety, legal, and cost issues; and a panel of employees with concerns about prescription drugs.

In addition, the Committee did a survey to gauge employee interest in a drug importation program. The initial response to the Committee's survey by nearly 400 employees indicated that 68 percent of respondents would use the service. More than 70 percent believed the County should offer a Canadian mail-order option.

Interest in importation programs has mushroomed over the past year. Springfield, Massachusetts and Montgomery, Alabama initiated programs in 2003. Boston is set to implement a similar program later this year and other towns and cities are also moving in that direction. Minnesota and Wisconsin have already established websites linking state residents to Canadian pharmacies and other states have also indicated interest. Legislation in favor of importation has already passed the U.S. House of Representatives with bipartisan support, and is gaining ground in the Senate.

The Committee recommended that the County:

1. Design a health benefits program for employees and retirees that includes the option of safely ordering FDA-approved prescription drugs from Canada at significantly reduced cost. The program should be limited to certain maintenance drugs, and should exclude bio-medications. The program should increase incentives for the use of any domestic or Canadian mail-order option.
2. Restructure existing health benefits to take advantage of economies of scale that can reduce overall costs to the County and employees and retirees.
3. Investigate fully the potential for establishing a prescription drug benefits program for all County residents who currently do not have prescription drug coverage as part of their health benefits, using the County's buying leverage to reduce drug prices by 15 to 50 percent by means of a prescription drug discount card program.

The Committee recommendation now goes to the Council's Management and Fiscal Policy Committee for further consideration.

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